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**PRIME MINISTER'S INTERVIEW WITH DAVE RUTHERFORD**

DAVE RUTHERFORD (Host, CHQR-AM): I'm Dave Rutherford. Welcome to this portion of the program. My guest in the studio, Prime Minister Stephen Harper. Prime Minister, very good to see you. Thank you for joining us today.

RT. HON. STEPHEN HARPER (Prime Minister of Canada): Well, thanks for having me again.

DAVE RUTHERFORD: It's always great to see you. We enjoy seeing you out here in the west whenever we can.

RT. HON. STEPHEN HARPER: It's great to be back at Stampede time. Looking forward to it.

DAVE RUTHERFORD: Prime Minister, last time we talked – we have a short period of time to talk today, I know you're a busy guy. The last time we talked I think was in January.

RT. HON. STEPHEN HARPER: Ok.

DAVE RUTHERFORD: You told us then about an aggressive schedule you had coming up, and in fact you did it. You've had an incredibly busy legislative year. Of course, the omnibus bill, which we've seen changing a lot of statutes, a lot of budgetary measures, clearly the economy number one, criminal justice reform, the gun registry, immigration reform – we were just talking about that – Senate reform, old age pensions, have I missed anything? Military procurement...

RT. HON. STEPHEN HARPER: Oh, I'm sure there's a few other things. We're building a new bridge to Detroit. There's a few other things.

DAVE RUTHERFORD: Building a bridge to Detroit. But you know, it's been incredibly busy. I just want to ask you a bit of a philosophical question first.

RT. HON. STEPHEN HARPER: Sure.

DAVE RUTHERFORD: Is Canada changing? I mean, under the 14 months of your majority government and all the time you were in minority government, is Canada changing? Your leadership is moving us this way. I'm not saying it's wrong. I'm just saying is it actually changing in any way?

RT. HON. STEPHEN HARPER: Well, you know, I've said to people before, you know, I think that one step at a time, I think we're moving the country in the right direction. I think Canadians are moving with us. It's always important that you take the population with you in terms of where you're going. This country, as you know, like the whole rest of the world, has been through a very difficult period with the economic crisis and recession of '08/'09. We've come out of that well. What we've said our goal is now is not just to make sure we continue to come out of it, Dave, but that this country does not face the kind of problems we're seeing in Europe, the United States and Japan.

DAVE RUTHERFORD: Right.

RT. HON. STEPHEN HARPER: That rather than being one of these old economic powers that's in trouble, we want to make sure that we join the club of the emerging economic powers, and that our children and grandchildren are going to have the same kind of opportunities, and better, than we've had. And that's our goal, and we think there's a lot has to be done to get us there, and that's why we're putting our foot on the gas. I've told officials in Ottawa the majority is not time to rest.

DAVE RUTHERFORD: And so going forward in the next session, clearly more foot on the gas.

RT. HON. STEPHEN HARPER: Yeah, we'll keep proceeding. We still have some measures from our budget to fulfill, so there'll be another budget bill in the fall. There's also going to be a range of other things coming out of our platform. There's still lots of things before Parliament that have not passed yet.

DAVE RUTHERFORD: So there won't be a... there's been some rumour about, you know, proroguing everything, starting fresh. Are you going to do that, or are you just continue on with this session?

RT. HON. STEPHEN HARPER: Yeah, I thought, you know, to be honest, I thought about doing that, but some time ago I made a decision that I probably wouldn't do it. I didn't see any reason to do it right now. We've still got a number of pieces of legislation we do want to pass, and I think what I'm more likely to do, Dave, is probably in mid-term we'll probably have a new session mid-term when we'll make... you know, we'll take a look at how everybody's performing and make some major changes at that point, but I think between now and then, let's keep everybody focused on the job we got elected to do, and the tasks I gave them to do last year.

DAVE RUTHERFORD: Ok, you're talking about "they" and staying focused. I'm going to have to ask you about cabinet, because clearly you've had a change with Bev Oda resigning, not just cabinet, but as an MP, and replacing that minister with Fantino, who is accepting his full cabinet position in replacing her. It did not lead to a full cabinet shuffle. The pundits in Ottawa are just... they don't know what to do today, because they were telling you what to do all this time, and you didn't do it. You've not changed your cabinet. Are you going to?

RT. HON. STEPHEN HARPER: No, we've said repeatedly, Dave, we have no plans of making big changes right now. Obviously when, as we had to do yesterday, we had to make a change, because of the resignation. When those things happen, we'll do them, but as I say, I'm more likely to look at a big change around the mid-term of this government rather than a whole bunch of little changes in between.

DAVE RUTHERFORD: And so going forward, some of the ministers with which you've given great jobs, Peter MacKay and Vic Toews and Nicholson, the Minister of Justice, these guys are going to continue on and keep doing what they're doing.

RT. HON. STEPHEN HARPER: I say we're right in the middle of a whole lot of important initiatives that we launched right after the campaign, and I want to see our ministers focused on those things and carrying them through, you know, whether it's re-equipping the military or completing our criminal justice public safety agenda, all those ministers have pretty busy workloads.

DAVE RUTHERFORD: One more quick thing before we talk about the economy, Senate reform has been something you've been championing. You've asked the provinces to participate, to help you out. they haven't except Alberta, and maybe a couple of others might along the way. Are you prepared to do something else about Senate reform, even getting into the constitutional change area?

RT. HON. STEPHEN HARPER: Well, we've, you know, we've had legislation now before Parliament since we were first elected in 2006 to make some incremental constitutional change to the constitution. There are things the federal government can do acting alone. As you know, we've tried to limit the terms of senators. Presently they can serve up to 45 years without having been

elected in the first place. We also have... we've tried to enshrine in legislation our provision to appoint elected senators. As you say, Alberta's done it. We have some more elected senators to appoint. We actually have two elected senators sitting in the Senate now, first time in history we're up to that number. New Brunswick is, I think, pretty committed to having elections at some point in the future. British Columbia is toying with it. So you know, look, this has been much slower than I'd hoped, but we'll continue to... we'll continue to push it forward.

DAVE RUTHERFORD: Looking then at the economy, I know you've been... this is job one, and you're talking about laying the groundwork so going forward children, grandchildren will have a stable economy with which... in which to prosper. Looking at Europe, you've been talking to Europe. You've been giving some broad suggestions as an economist, as a leader of the free world, to Europe. You've been getting some push back. And some of them even saying, "Listen, this is not our fault." Are some of the European leaders getting it? Are you confident that you'll see something here?

RT. HON. STEPHEN HARPER: Dave, I think the truth is when I talk to European leaders, I find that for the most part, they fully understand the challenges and fully understand what needs to be done. The difficulty is that they're in a system, 27 countries, 17 in the eurozone, where it's very difficult for leaders to act through anything other than a universal consensus. And we all know through the terrible years we went through of constitutional negotiations in this country how difficult it is to run a country through trying to get consensus of dozens of people around a table. And that is the big challenge. Look, last week they undertook some fairly dramatic action, I think more dramatic than most people were expecting. They have more to do. My message to them has been to act dramatically, act big, act dramatic. It is... you know what has to be done, and only doing it quick and doing it big will you restore confidence that you need, that you need in Europe for growth.

So I hope they will take that. I say they showed some signs last week of moving in that direction, but it's been awfully slow and painful to watch.

DAVE RUTHERFORD: The situation in Greece clearly seems to be the poster child for things that can go wrong in these economies that are based on jobs for life, a lot of entitlement in Greece. Prime Minister, we've got some similar kinds of attitudes, I think, in this country. We've got a civil service that is pushing back against austerity. They're really saying, "Listen, we're entitled. These are jobs that Canada needs. We can't do without them." Are we similar in some ways in our attitude to what Greece went through?

RT. HON. STEPHEN HARPER: Well, look, I won't say there are no similarities. We're a prosperous, advanced country, and our people, not just our public servants, our population expect high quality, social services, and programs. And we're committed to deliver those. At the same time, I think the majority of the Canadian population understand that these things have to be affordable, they have to be well-run, have to be well-managed, have to be funded for the long term. That's what we're assuring. Look, I'll say, Dave, in terms of the public service, I've actually found the senior public service that I deal with in Ottawa has been very cooperative in implementing our reductions, at finding efficiencies. As you know, we're reducing our workforce. These are not huge reductions, but they're reductions that have to be made to ensure that our finances are sustainable over the long term, and they're committed to putting those in place, and that's what we're doing right now.

DAVE RUTHERFORD: You expected some resistance from public sector unions, I expect, and you're getting it.

RT. HON. STEPHEN HARPER: Yeah, we'll get some of that. You know, on the other hand, I think most people who work in the federal public

service, even those people who are being laid off, and we don't... we don't, you know, celebrate doing that, but when we do that, we have extremely generous packages in the public service of Canada. People are well taken care of, and every effort is made to locate jobs for people within the public service. So look, I know while the unions, it's their job to fight and complain about those things, I think we've got a good public service, and we've got a good system to try to do our best to take care of people.

DAVE RUTHERFORD: Just want to get back a little bit to the European situation. We'll be talking later about Barclay's bank, which is in some...

RT. HON. STEPHEN HARPER: Yeah.

DAVE RUTHERFORD: ...difficult... they've admitted they've sort of screwed up in trying to manipulate interest rates between banks, which as an extension to consumer and corporate debt. But there's the potential to include the Bank of England, to include regulators in this. Prime Minister, is that... I know it's an individual case, but is that something that could sort of be a contagion, that we could feel some of that here if this thing becomes unraveled?

RT. HON. STEPHEN HARPER: Specifically the contagion of...

DAVE RUTHERFORD: Specific if some of these banks end up being accused or agree to some sort of collusion with government in fixing interest rates? I know we're jumping ahead here, but...

RT. HON. STEPHEN HARPER: We do have in Canada, everyone acknowledges not only that we have the strongest banks in the world, we have one of the best regulatory systems in the world, and you know, I'm not concerned that we have that kind of a problem here. What Canada has been doing,



and through, you know, Governor Carney and his role with the International Financial Stability Board, we have been trying to get better global regulation of the financial sector, and a regulation that reflects the kinds of values and the kind of rules that we have here in Canada that have worked so well for us. You know, I can't comment on the British situation. I don't know enough about it, but obviously it's serious, but I don't think it's a problem we have to worry about here.

DAVE RUTHERFORD: Going forward, a final comment about the economy, then. You're laying the groundwork. I know your government's concerned about individual debt. You've changed the mortgage rules. Hopefully Canadians resist the urge to go too deeply into debt. Going forward, what is going to be your mantra getting into this next session?

RT. HON. STEPHEN HARPER: Well, look, in terms of... in terms of personal debt, it is a concern, Dave, and we know why it's happened, that interest rates have been extraordinarily low. We have not seen interest rates this low in either of our lifetimes. At the same time, compared to most countries, Canadians have been doing relatively well, and a lot of people have felt personally a lot of prosperity and a lot of job security, and so they felt the... they felt the ability to go out and borrow more money. We obviously encourage people to be cautious, because rates will eventually go up, and that's why we're changing some of the rules. But job one will remain for the government, it will remain the economy, it will remain obviously the sustainability of our own finances, in terms of a national government. We think we're on the right track there, not just to balance the budget in this Parliament, but the changes we made to ensure that we're going to have a balanced budget and a firm financial position, frankly, over the next generation. We think we've put the measures in place to achieve that. We'll continue to do that, and we'll continue to make all the other kind of changes we're making to try and make sure this economy keeps growing. Changes to immigration, changes to resource

development policies, changes to science and technology policy. You go down the road, we're doing everything we can to ensure that our children and grandchildren will have greater opportunities than we have today.

DAVE RUTHERFORD: Prime Minister, time is always short, but I appreciate yours today. Thank you for being with us.

RT. HON. STEPHEN HARPER: Thanks for having me.

DAVE RUTHERFORD: Prime Minister Stephen Harper. I'm back right after this.